

Rx Transition Issues for Medicare Beneficiaries

**Health and Human Services
State Pharmaceutical Assistance
Transition Commission**

National Association of Chain Drug Stores (NACDS)

Alexandria, VA

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Presenter

- **Tom Morrison, R.Ph.**
Vice President, Pharmacy Services, CVS Pharmacy
- **NACDS represents 217 chain pharmacy companies that operate 32,000 community retail pharmacies**
- **Chain-operated pharmacy dispenses 70% of all outpatient prescriptions**

Commission's Charge

- “Address the unique transition issues facing SPAPs and program participants....as a result of Part D”
- “Protect interests of program participants in a manner that is least disruptive to such participants...”

Chain Pharmacy's Role and Interests

- Chain retail pharmacy industry will be providing the majority of prescription services under Part D and Medicare Advantage Plans
- Primary point of service and primary source of information for SPAP enrollees regarding Rx drug benefits
- Need to provide seamless Rx benefit to Medicare beneficiaries when there are multiple payors
- Need to increase patient care opportunities and reduce administrative burdens of providing pharmacy services

SPAP Transition Issues

- Education for beneficiaries and pharmacies about benefit changes
- Operation of formularies and pharmacy Networks
- Electronic online, real-time claims processing at point of service
- Coordination of Benefits (COB) among payors
- Use of NCPDP Standard Benefit Card

I. Beneficiary Education

- Most beneficiaries and pharmacists only learn about Rx plan changes when they come to the pharmacy to fill Rx
- Pharmacists often are asked to work with beneficiaries on choosing best plan based on drugs or pharmacies
- Pharmacies need to be educated about these changes
- How do pharmacies help beneficiaries navigate the PA/appeals process?

II. Formularies and Pharmacies

- Some Medicare beneficiaries have been taking certain drugs for many years and may not have their drug on the formulary or have to pay a higher copay: how to handle?
- Thousands of drug switches possible 1/1/06 and years thereafter as plans and formularies change
- January coincides with many private plan changes as well: creates more issues for pharmacies
- Potential disruption in continuity of care if patient's pharmacy is not in network or has to pay "out of network" rates

III. Real Time Rx Processing

- **Dual coverage: Pharmacies must have key questions answered in real time manner**
 - Patient, drug, physician, copays, other payors
 - Resolution of rejects
- **Overwhelming majority Rxs processed in online, real-time using NCPDP 5.1 format for drugs and supplies (i.e. syringes)**
- **Patient care requires DUR in real time to detect drug interactions and costly duplicate therapy**

IV. Coordination of Benefits (COB)

- **Billing sequence: who's primary and who's secondary?**
 - **Medicare - how do we know and when?**
 - **Information should be on card regarding multiple payors**
- **Who's benefit must we follow?**
 - **Drug not covered**
 - **Plan limits exceeded**
 - **Consistent P/A Procedures**
 - **Knowledge of Formulary Exceptions**

V. Facilitating COB

- Database of insurance information on beneficiaries' other coverage should be processors' (plans) responsibilities
- Provide information in a real time manner through electronic system
- Tell us who's primary and secondary
- Must avoid "recoupment" activities
- Provide information regarding insurance covering Rx's only

VI. Paying for COB information

■ Who Should Not Be Responsible?

➤ The Patient

➤ Pharmacy Providers

- Increased work
- Bill, now bill again
- Handle rejects.. handle again
- Prior authorizations.. call again
- Increased training costs
- Increased system costs
- Increased processing costs
- Increased payment issues

VII. Standard Benefit Card

- **Use of NCPDP standard benefit card important to facilitate claims processing**
- **Should indicate on the card that person has other coverage**
- **Should be in use when benefit starts in 2006**
- **Card should allow pharmacist ability to electronically access all information needed to bill multiple payors.**

Key Messages

- Retail pharmacy is where “rubber meets road” in providing drug benefits.
- Most Rx claims are successfully processed in real time in just seconds...*but*...we don't want lots of frustrated customers – neither does Medicare
- Information in real-time manner is key to driving system forward

Questions and Comments?